

K LINER

NEWS FOR AND ABOUT K-MART CORPORATION

Vol. 41 No. 3

April 1982

K mart adopts new Employees' Savings Plan

On July 1, 1982, more than 100,000 K mart associates will become eligible to participate in a new and exciting K mart benefit - An Employees' Savings Plan

All employees who have, or will have completed two or more years of fulltime service as of May 1, 1982 will be eligible to participate in the new Employees' Savings Plan.

In announcing the Plan, Mr. Harold E. Wilcox, Senior Vice President of Personnel and Management Development stated, "This new savings plan adds importantly to K mart's outstanding program of employee benefits. In addition to giving K mart people a superb new benefit, the Plan provides for 100% immediate vesting in the Company contribution, something few if any other savings plans do. Coupled with an immediate 50¢ Company contribution for each dollar an employee saves, this new plan is remarkable and should prove extremely popular with employees." Mr. Wilcox continues, "We are especially pleased to be able to make the new plan available to our employees now. It's a positive indication of our belief in the strength of our Company and in the loyalty and good efforts of all K mart people."

Here's how the plan works. The new savings plan permits eligible employees to save up to 6% of their pay and matches each dollar saved with 50¢ from the Company. Up to 4% additional not matched by any company contribution may also be contributed. The contribution percent authorized by the employee will apply to gross pay and will be deducted in each pay period. The employee may elect to invest his or her savings in any one or two of the three different investment funds. The Company contribution will be

invested for the employee in K mart stock.

No part of the employee contributions will be kept or used in any way by the Company. All employee savings in the plan will be paid over each month to the Plan Trustee and invested for each employee in the fund or funds the employee has selected. The Company contribution will also be paid directly to the Trustee each month and used by the Trustee to purchase K mart stock on the open market for each participant's account.

There are no charges or costs to employees for participating or for investment or for administration of the plan. Further, since it is intended that the plan be approved by the Internal Revenue Service, employees will owe no taxes on Company contributions or on the earnings of both the employee and Company contributions until these amounts are actually paid out to the employee. At that time they may be taxed at special lower rates.

In explaining the three investment funds for employee contributions, Mr. Wilcox said, "An employee who enrolls in the Plan will be able to choose the investment fund in which the employee wants his or her savings deposited."

"Fund 'A' will be an insured, guaranteed investment contract with a major insurance company. This Fund will guarantee the return of the employee's entire savings plus a very good rate of interest. The exact rate of interest will be determined in June when the contract will be finalized. Based on available

rates today, we may expect the interest in Fund 'A' to be about 15 or 16 %.

"Fund 'B' will be organized like a mutual fund with a professional money manager in charge. Contributions to Fund 'B' will be used to purchase the common stocks of many leading companies. All interest and dividends received on these securities will be re-invested for each employee."

"Fund 'C' is K mart common stock."

Which fund is right for you

Perhaps the most frequently asked question to date about the new Plan involves which Fund an eligible employee should select for his or her contributions. This is, of course, an individual decision and would be influenced by each employee's savings objective, age and other factors.

There are, however, some general observations which may help an employee decide how he or she wants to invest.

Fund "A" is the safest investment and guarantees return of the employee's entire contribution plus a very good current rate of interest. Persons who wish to be certain their money will be there when they need it should consider investing in Fund "A."

Fund "B" is subject to the risks of the stock market, but because amounts invested in Fund "B" will be spread over a large number of individual stocks, there will be far less risk than would result if amounts in Fund

"B" were invested in only a few stocks. There is also, of course, the prospect of substantial gains in the stock values. An employee considering investing in Fund "B" should understand that the stock market might be up or it might be down when you need your savings. Fund "B" can provide a greater chance of growth and increase in value or, conversely, a greater chance of loss. You must decide if Fund "B" is for you.

Fund "C" is, of course, K mart stock and while the Company contribution for you will always be placed in K mart stock, you may also invest in K mart stock. It's your choice.

Remember, you can also place 50% of your contribution in one Fund and 50% in another Fund.

Brochures describing K mart's new Employees' Savings Plan have been distributed to all regular fulltime employees. If you have not already done so, you should obtain and read a copy of this brochure which provides detailed information concerning the Plan.

Enrollment of eligible employees in the new Savings Plan will start about May 1, 1982 and will continue until May 31, 1982. No enrollments can be accepted after May 31st.

Our new Savings Plan will be administered through the Employee Benefits Department in the International Headquarters Office and any questions concerning the Plan can be directed to this department.